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TO RUEHC/SECSTATE WASHDC IMMEDIATE 1790  
INFO RUEHXX/ARAB ISRAELI COLLECTIVE IMMEDIATE  
RUEHLO/AMEMBASSY LONDON IMMEDIATE 3033  
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RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE

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LONDON PASS TO A/S WELCH AND D/NSA ABRAMS; NEA FOR FRONT  
OFFICE; NEA/IPA FOR WILLIAMS/GREENE/WAECHTER; NSC FOR  
ABRAMS/DORAN/LOGERFO; STATE PASS TO USAID/BORODIN; TREASURY  
FOR ADKINS

E.O. 12958: N/A  
TAGS: [ECON](#) [EAID](#) [EFIN](#) [KWBG](#) [IS](#)  
SUBJECT: PA OWES EAST JERUSALEM HOSPITALS FOR WEST BANK  
PATIENTS DESPITE EMPTY COFFERS

REF: KANESHIRO/O'DOWD EMAIL:4/26/06

¶1. (SBU) Summary. According to East Jerusalem medical care providers, the Palestinian Authority (PA) continues to incur costs of over USD 800,000 per month for specialized care for the cases it refers from the West Bank despite empty coffers. (Note: A negligible number of cases are referred from Gaza. End Note.) However, as of February 2006, the PA has not been able to deliver these payments, and it is unclear how the government will be able to meet its financial commitments. The PA owes USD 9.8 million to these providers for services already provided. Although one of the providers (St. Joseph) has threatened to cut off its specialty care services to West Bankers, the majority of providers have indicated that they will turn to donors for emergency funding to continue providing services to referrals. End Summary.

¶2. (SBU) Due to a lack of specialty care providers in the West Bank and Gaza, the PA Ministry of Health (MOH) routinely refers Palestinian patients to East Jerusalem hospitals for specialty care, or to treatment centers overseas. The Minister or Deputy Minister of Health signs an official referral document authorizing the patient to receive care outside of the West Bank or Gaza. The PA has entered into a contractual obligation to pay for the costs of its referrals with each hospital in the East Jerusalem consortium with the exception of the Palestine Red Crescent Society (PRCS) Maternity Hospital.

Al-Makassad Islamic Charitable Hospital agrees  
to USD 375,000 per month for PA referrals  
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¶3. (SBU) Al-Makassad Hospital, an East Jerusalem hospital on the Mount of Olives with tertiary care and training facilities, as well as a blood bank, treats 2,700 inpatients and 3,500 outpatients per month; 60 percent are PA referrals from the West Bank. (Note: Al-Makassad has 250 beds. End Note.) According to General Director Haitham al-Hassan, as of January 1, the PA had agreed to pay NIS 1.75 million (USD 375,000) per month, compared to estimated actual costs of NIS 2.30 million (USD 495,000) per month. Despite this fixed cost, he stressed that the number of PA referrals from the West Bank continued to increase. Thus far, the PA had only made a fixed payment for January and were overdue on payments for February and March.

14. (SBU) Al-Hassan said that over the last six years, the PA had accrued debts of NIS 32.5 million (USD 7 million) to Al-Makassad. Although al-Hassan had contacted the PA Ministries of Health and Finance for payment, no one had responded to his inquiries. He said he needed payment from the PA in order to continue providing services to Palestinians from the West Bank. To maintain services, Al-Makassad has been forced to carry an overdraft of NIS 4 million (USD 860,000). Financial Director Rushdi Asshab said the hospital had appealed to the EU, as part of the East Jerusalem consortium of six hospitals, to transfer a commitment of 1.5 million euros (USD 1.9 million) from a capacity-building project to the emergency fund to cover unfunded ongoing costs. Asshab said they had not approached the GOI given political sensitivities. (Note: 332 members of Al-Makassad's 512-person staff are from the West Bank. Out of the monthly budget of NIS 5.5 million (USD 1.2 million), salaries comprised two-thirds or NIS 3.5 million (USD 750,000), while medical supplies were the remaining one-third of the budget, or NIS 1.5 million (USD 322,000). End Note.)

Augusta Victoria Hospital agrees to  
USD 322,000 per month for PA referrals  
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15. (SBU) Located in the Sheikh Jarrah section of East Jerusalem, Augusta Victoria Hospital (AVH), a secondary and tertiary care hospital, admits 440 patients per month. Monthly PA referrals have averaged 341 inpatients and 180 outpatients. Director of Finance Alex Kuttatb told EconOff April 4 that, as of February 1, AVH had signed a one-year agreement with the PA to set up monthly payments for referrals at USD 322,000, including oncology treatments. By the end of December 2005, Kuttatb said the PA owed AVH USD

1.25 million. In the interim, AVH carried an overdraft with local banks and had already begun to appeal to church donors to provide emergency funding. Kuttatb said AVH would organize appeals to the USG and European governments in the next few months.

16. (SBU) Kuttatb said dialysis product suppliers would stop shipments to AVH until they were paid. The PA's delinquency was also hurting West Bank-based pharmaceutical companies, he underscored. Kuttatb warned that if the PA did not pay up, AVH could not sustain the cost of oncology treatments for West Bankers. United Nations Relief and Works Agency (UNRWA) has a contractual relationship with AVH with an annual ceiling of USD 900,000 for services provided by AVH to refugees. In 2005, UNRWA paid USD 625,000 to AVH for actual services provided (ref email). (Note: Payment of salaries comprises 68 percent of the budget. 165 members of the 211-person staff are from the West Bank. End Note.)

Palestine Red Crescent Society (PRCS) Maternity  
Hospital has no agreement with the PA  
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17. (SBU) Palestine Red Crescent Society (PRCS) Maternity Hospital in Beit Hanina, a specialized maternity and gynecology hospital, has an average of 250 monthly admissions with 75 cases from the West Bank. PRCS staff told EconOff April 4 that patient fees are the primary source of funding for its USD 3 million budget. Out of an estimated 3,200 annual deliveries, 190 cases did not pay their fees, while 162 were written off as social cases. The PA pays nothing for its referrals, but continues to send patients. PRCS estimated that the PA owed PRCS about NIS 100,000 (USD 21,500) for referrals over the last two years. Although PRCS had contacted the PA Ministry of Finance, they had received no response to their request for payment for referrals from the West Bank. Financial Director Ziad Mushasha said PRCS had not made any other appeals to other agencies and had not appealed to GOI for assistance. (Note: PRCS monthly budget is USD 3 to 4 million, of which salaries comprise 65 percent. 90 members of the 135-person staff are from the West Bank. End Note.)

The Jerusalem Princess Basma Center for Disabled Children agrees to USD 20,000 per month for PA referrals

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¶18. (SBU) The Princess Basma Center, a rehabilitation and education center for disabled children on the Mount of Olives, treated 849 patients at the center in 2005; 60 percent were PA referrals. There are 40 in-patient beds, all reserved for West Bankers. Day-care education and physiotherapy is only available for Jerusalemites, who can travel to the Center on a daily basis. Director Betty Majjaj told EconOff April 4 that patient fees cover 64 percent of their annual budget of USD 1.4 million. She said that the PA Ministry of Health owed the Center USD 236,000 for patient care from 2001. At the beginning of 2006, the PA had agreed to pay the Basma Center USD 20,000 per month for PA referrals from the West Bank. As of April 4, the PA owes the center USD 60,000 on payments from January until March.

¶19. (SBU) Given the PA's financial insolvency, Majjaj was concerned that the annual amount of USD 240,000 promised by the PA would go unpaid. She said she was informed that a donation of USD 120,000 per year to the center, previously approved by Arafat, would also stop. The Basma Center would turn to fundraising from private donors and trusts, particularly to meet basic needs like utilities which cost upward of USD 1,300 per week, she added. (Note: Salaries comprised 68 percent of the budget for 90 staff; 30 of them from the West Bank. End Note.)

St. John Eye Hospital agrees to USD 80,645 per month for PA referrals

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¶10. (SBU) Located in the Sheikh Jarrah section of East Jerusalem, St. John Eye Hospital, the main hospital for ophthalmologic tertiary referrals from the West Bank and Gaza, treating 3,400 outpatient cases per month with 50 percent of outpatient referrals coming from the West Bank. (Note: There are 72 inpatient beds, typically reserved for

West Bankers, who comprise 90 percent of inpatient referrals. End Note.) According to Chief Executive Steven James, half of its annual budget of USD 7.9 million dollars is offset by payments from the PA for West Bank referrals. The PA is often late in reimbursing St. John for referrals, meaning St. John has to carry fifteen months of unpaid debt on its books. As of March 28, 2005, the PA owed St. John USD 1.0 million for accrued patient costs in FY2005 for 2,753 West Bank Palestinians.

¶11. (SBU) Per a March 16 agreement with St. John, the PA Ministry of Health said it would pay NIS 375,000 (USD 80,645) per month for referrals. (Note: The actual cost of care for PA referrals in FY2005 averaged NIS 458,000 (USD 98,500) per month. End Note.) If the PA is unable to fulfill its agreement to pay St. John, James said they would turn to fundraising to cover the costs of the Palestinian referrals. Most of their fundraising is directed towards St. John's priorities as well as private trusts and foundations. (Note: Salaries comprise 70 percent of the annual budget for 190 staff, half of them from the West Bank. End comment.)

St. Joseph's Hospital will stop accepting PA referrals, unless PA pays agreed-upon amount of USD 40,000 per month

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¶12. (SBU) Also located in the Sheikh Jarrah section of East Jerusalem, St. Joseph's Hospital, a secondary and tertiary facility, has a monthly load of about 500 patients. Of those, PA outpatient referrals amount to 20 to 25 cases for brain surgery, urology, and orthopedic surgery. Director General Jamil Kussa told EconOff April 10 that the PA used to refer these specialized cases to Jordan or Israel, and would pay in cash. Over the last two years, the PA has accrued a debt of NIS 1.2 million (USD 258,000) for referrals to St. Joseph's. As of September 2005, the PA had agreed to pay a

fixed amount of USD 40,000 per month, in addition to USD 10,000 - 20,000 worth of prosthetic equipment each month. (Note: According to Kussa, the actual cost for 20 - 25 referrals is closer to USD 100,000 per month, and that USD 40,000 covers only three or four patients at the most. End Note.)

¶13. (SBU) Kussa said the PA had promised to pay St. Joseph's the week of April 16, but he anticipated that the PA would not be able to fulfill its promise. As a result, he said he would be forced to nullify the contract by the end of April and would refuse to accept any further PA referrals. He stressed that his Israeli prosthetic suppliers demanded a cash payment every month and would not accept any delays. (Note: Out of a 105-person staff, 56 are from the West Bank. Salaries comprise 65 percent of the total budget. End Note.)  
WALLES